

100.0000 AIRCRAFT

*See Aircraft of Historical Significance Exemption
Business Inventory Exemption
Certificated Aircraft*

100.0005 Assessment. Aircraft owned by a commercial air carrier, taken out of scheduled service and grounded in the county prior to the lien date, and not flown during the representative period are assessable as general aircraft in the county on the lien date, provided they had an established tax situs in California and were solely situated in or habitually situated in the county on the lien date. C 6/21/99.

100.0010 Dealer's Inventory. Basically, the guidelines for exemption of aircraft are the same as for other properties, e.g., they must be held for either sale or lease as of the lien date.

Where a dealer is using an aircraft for pilot training or charter, Property Tax Rule 133 subdivision (b)(3) would exclude that aircraft from exemption. Additionally, Rule 133 subdivision (b)(5) and (6) would exclude from the exemption any aircraft held for lease that were used or were intended to be used for pilot training or charter. LTA 9/30/80 (No. 80/144).

100.0015 Exemption. Revenue and Taxation Code section 5303(b) does not provide a property tax exemption to those specified items of personal property excluded from the definition of "aircraft." Any airplane excluded from the definition of "aircraft" under section 5303(b)(2) necessarily falls within the definition of "certificated aircraft" under Revenue and Taxation Code section 1150. C 3/31/99.

100.0020 Rate of Tax. It is the opinion of the State Board of Equalization and the State Controller that the 1979 tax rate on general aircraft should not exceed the tax rate on other property on the unsecured roll, Revenue and Taxation Code section 5391 notwithstanding.

To derive a rate, the previous year's secured tax rate should be divided by four to account for the 100 percent assessment ratio on general aircraft. LTA 7/3/79 (No. 79/113).

100.0025 Repair Exemption. Revenue and Taxation Code section 220 provides an exemption for out-of-state aircraft that are brought into California "solely for the purpose of being repaired, overhauled, modified, or serviced." The Legislature's purpose was to encourage aircraft repair and maintenance facilities to locate in California and be in a competitive position to service out-of-state clients. The exemption includes a list of technical services sufficiently broad to cover a wide array of circumstances and without any time limitation and without disqualification if additional activities, such as storage, are also involved. The fact that the Legislature omitted such limitations indicates that a broader interpretation of the exemption is required. C 9/13/2001.

100.0026 Repair Exemption. The dismantling of an aircraft is not a modification within the meaning of Property Tax Rule 138. The other qualifying activities, repair, service and overhaul, have the purpose of keeping an aircraft in operation or returning an aircraft to operation. However, the act of dismantling has the effect of taking an aircraft out of operation. Thus, an aircraft in the state for the purpose of being dismantled is not being modified within the meaning of Rule 138 and would not qualify for the exemption. However, such an aircraft may qualify for the business inventory exemption if held for sale or lease in the ordinary course of business. C 6/29/2004.

100.0030 Situs. If an aircraft is present in the county on the lien date and had situs in the county for one or more of the preceding assessment years, then it will have current taxable situs in the county even if removed prior to the start of the new fiscal year. C 11/5/97.

100.0050 **Valuation.** Cost for assessment purposes is full economic cost, which includes all market costs, both direct and indirect, and which includes sales tax or use tax. Case law has established that sales/use tax is a component of full economic cost. Thus, for property tax purposes, if sales/use tax is applicable to similar consumers using aircraft at a similar trade level, sales/se tax is to be included in the assessment, even when it was not paid at the time of sale/purchase because the Board of Equalization through its Sales and Use Tax Department found the transaction exempt from sales tax or use tax pursuant to the provisions of the Sales and Use Tax Law. C 9/26/2001.